



Department of Justice

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JUSTICE DEPARTMENT REQUIRES DIVESTITURES IN ALLIED WASTE'S ACQUISITION OF BROWNING-FERRIS

Lower Prices, Better Service Preserved in 18 Metropolitan Areas

WASHINGTON, D.C. -- The Department of Justice will require Arizona-based Allied Waste Industries Inc. to sell waste collection and disposal operations in 13 states, covering 18 metropolitan areas, in order to proceed with its \$9.4 billion acquisition of Houston-based Browning-Ferris Industries Inc. The Department said that the deal as originally proposed would have been anticompetitive, resulting in residents, businesses and government entities paying higher prices for poorer waste collection and disposal services.

Allied and BFI are two of the nation's largest waste collection and disposal companies. This is one of the largest divestitures ever ordered in the waste industry to meet antitrust concerns, the Department said. The total price paid for these divested assets could well surpass the \$500 million divestiture ordered by the Department in July 1998 in the USA Waste/Waste Management case.

"Without these divestitures, consumers in these 18 areas would have lost a significant competitive alternative in an industry that has consolidated in recent years," said Joel I. Klein, Assistant Attorney General in charge of the Department's Antitrust Division. "This resolution insures that the benefits of competition--lower prices, and better service--will be preserved in these markets."

The divestitures include every market in which there was a significant competitive overlap in the companies' waste collection or waste disposal operations and six of the top 10 markets for the combined company--Atlanta, Boston, Chicago, Dallas, Detroit, and Oakland, California.

The Department's antitrust lawsuit and proposed consent decree were filed today in U.S. District Court in Washington, D.C. The consent decree, if approved by the court, would settle the lawsuit.

According to the complaint, the proposed merger would have substantially lessened competition for waste collection and disposal services in 18 markets. In most of the markets, the combination of Allied and BFI would have left only two or three major competitors. As a result, those competitors would have been able to coordinate their pricing, causing consumers to pay higher prices.

Waste collection firms, like Allied and BFI, contract to collect municipal solid waste (garbage and trash) from residential and commercial customers. They transport the waste to disposal facilities, such as transfer stations, incinerators and landfills, which for a fee will process and legally dispose of waste. Allied and BFI are direct competitors in many markets for both waste collection and waste disposal services.

The divestiture includes waste collection and/or disposal operations in the following areas: Akron and Canton, Ohio; Atlanta; Boston; Charlotte, North Carolina; Chicago, Moline, Rock Falls, Dixon and Rockford, Illinois; Dallas; Davenport, Iowa; Denver; Detroit; Evansville, Indiana; Joplin, Lamar and Springfield, Missouri; Kalamazoo and Battle Creek, Michigan; Oakland, California; and Oklahoma City. The divestitures required under the consent decree involve markets in which the total volume of industry revenues from waste collection and disposal services is more than \$2 billion annually.

Allied, based in Scottsdale, Arizona, is the third largest waste hauling and disposal company in the U.S., with sales of \$1.6 billion in 1998.

BFI, the second largest hauling and disposal company in the U.S., is headquartered in Houston. In 1998, it had sales of \$4.7 billion.

As required by the Tunney Act, the proposed consent decree resolving the Allied/BFI lawsuit will be published in the Federal Register, along with the Department's competitive impact statement. Any person may submit written comments concerning the proposed settlement during a 60-day comment period to J. Robert Kramer II, Chief, Litigation II Section, Antitrust Division, U.S. Department of Justice, 1401 H Street, NW, Suite 3000, Washington, D.C. 20005 (202/307-0924). At the conclusion of the 60-day comment period, the Court may enter the consent decree upon finding that it serves the public interest.

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